

**IN THE UNITED STATES DISTRICT COURT  
FOR THE SOUTHERN DISTRICT OF TEXAS  
HOUSTON DIVISION**

**SHINSHO AMERICAN  
CORPORATION**

**PLAINTIFF,**

**VS.**

**HYQUALITY ALLOYS, LLC**

**DEFENDANT.**

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**CIVIL ACTION NO. 4:20-cv-00577**

**JURY DEMANDED**

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**DEFENDANT HYQUALITY ALLOYS, LLC’S STATUS UPDATE FOLLOWING  
MARCH 19, 2021 HEARING ON MOTION FOR CONTEMPT**

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Defendant HyQuality Alloys, LLC (“HyQuality”) submits this Status Update following the Friday March 19, 2021 hearing on Plaintiff Shinsho American Corporation’s (“Shinsho”) Emergency Motion for Contempt and Request for a Show Cause Hearing (“Motion for Contempt”) [Dkt. 41], and states as follows:

1. On March 19, 2021, after the hearing on Shinsho’s Motion for Contempt, HyQuality wired Shinsho \$62,000 as a good-faith payment towards the amounts claimed by Shinsho. HyQuality also reviewed a list of shipments identified by Shinsho as possibly containing “Subject Steel” and identified which ones were “Subject Steel” and which ones were “HyQuality-only.” HyQuality also provided documentation to Shinsho sufficient to allow it to identify what “Subject Steel” was shipped and at what price.

2. On Monday March 22, 2021, Shinsho provided HyQuality an updated list of “Subject Steel” bars shipped and the amounts due for same for HyQuality’s review. This list is

attached hereto as **Exhibit A**. Shinsho identified in this list \$119,173.05 it claimed was due (after applying the \$62,000 payment) of the “Subject Steel.” On March 25, 2021, HyQuality finalized their own audit and review of this list and confirmed that the amount due was actually \$134,430.89. The difference is due to two shipments that were larger than Shinsho originally believed. HyQuality then provided Shinsho the shipping documents for those two shipments to aid Shinsho in accounting for them. HyQuality also identified one smaller shipment that it had previously paid but had apparently not been accounted in Exhibit A.

3. On March 25, 2021 as another token of good-faith, HyQuality sent Shinsho via ACH \$20,000 to further reduce the balance due to \$114,430.89. Although the steel identified in Exhibit A was sold on terms (between net 30 and net 60), and even though HyQuality has not yet received payment for many of the items on Exhibit A, HyQuality has offered to pay the remaining balance as the payments are made by the customer, but in no event later than April 8, 2021 regardless of whether the customer has paid.

4. On March 22, 2021, Shinsho also provided a list containing all the bars shipped from January 13, 2021 through March 18, 2021. This list is attached hereto as **Exhibit B**. This second list contains items that HyQuality identified as “HyQuality-only” on March 29, 2021 but that Shinsho still had doubts about. In the spirit of cooperation, HyQuality has agreed to gather shipping documents or other documents that would assure Shinsho that those shipments are HyQuality-only bars and, after redacting certain information, produce them to Shinsho. HyQuality has not yet produced those documents but is committed to continuing to work with Shinsho to provide the assurances requested.

5. HyQuality would respectfully request that the Court continue to take Shinsho’s Motion for Contempt [Dkt. 41] under advisement until no later than April 8, 2021 to allow

HyQuality to pay the rest of the balance and continue to work with Shinsho to provide any additional assurances regarding any items in Exhibit B.

**PRAYER**

Defendant HyQuality Alloys, LLC requests that this Court continue to take Shinsho's Motion for Contempt [Dkt. 41] under advisement until no later than April 8, 2021, and for such other relief as Defendant may justly be entitled to.

Respectfully submitted,

By: /s/ Rodney Drinnon  
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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing has been served on the counsel of record via the Court's ECF system on the 26<sup>th</sup> day of March, 2021:

/s/ Rodney Drinnon  
Rodney Drinnon